UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
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Ref: 8ENF-AT

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D. Jeffery Haffner, Esq.
Tesoro Petroleum Companies, Inc.
300 Concord Plaza Drive
San Antonio, TX 78216 – 6999

RE: United States v. BP Exploration & Oil Co. – Civil Action No. 2:96 CV 095 RL
Acid Gas Flaring Incident, on May 26-28, 2006, at the Mandan Refinery,
North Dakota

Messrs. Gronewold and Haffner:

The United States Environmental Protection Agency (EPA) received the report, dated June 27, 2006, detailing the root cause failure analysis for the May 26-28, 2006, acid gas flaring incident that occurred at Tesoro's refinery located in Mandan, North Dakota. EPA replied by letter, dated October 4, 2007, indicating EPA could not determine if the incident was a malfunction because of insufficient information. Tesoro subsequently submitted supplemental information in a letter on November 16, 2007, which further described the cause of the baffle failure and the corrective actions to be taken. The details of the incident were also discussed by teleconference between Tesoro personnel and EPA on December 11, 2007. Based on the information obtained, EPA has determined that the incident is not a malfunction and subject to the provisions of Paragraph 22.C.i.c.1.ii because it resulted from the first time occurrence of a root cause; therefore, the stipulated penalty provisions of Paragraph 47 do not apply to this flaring incident.

Tesoro asserts that the root cause of this flaring incident was the failure of a baffle in the waste heat boiler. A 7" X 11" hole between the first and third condensers was discovered upon internal inspection which allowed effluent gas from the first condenser to enter the third reactor. The baffle was replaced and the SRU put back in service.

Tesoro reported that the flaring incident lasted 62 hours and released 24.7 tons of sulfur dioxide (SO_2) to the atmosphere. To reduce the quantity of SO_2 emitted to the atmosphere during this incident, the Mandan refinery fed crude directly to the FCU at the reduced rate of 19,000 BPD. The distillate desulfurization unit was put on recycle, and the sour water was stored during the incident. Meanwhile, the newly constructed ammonium sulfide unit will provide an alternative route for acid gas during this type of incident in the future. Corrective action includes the replacement of the entire vessel during the 2009 turnaround. The new vessel is designed with cover plates to allow offline inspection of the baffles.

EPA finds this flaring incident is subject to Paragraph 22.C.i.c.1.ii because the incident resulted from the first time occurrence of a root cause that is reasonably preventable through the exercise of good engineering practice. Because it resulted from the first time occurrence of a root cause, a stipulated penalty does not apply to this flaring incident.

Should you have any questions or if you wish to discuss this matter, please contact Mr. Scott Whitmore at (303) 312-6317.

Sincerely,

Andrew M. Gaydosh
Assistant Regional Administrator,
Office of Enforcement, Compliance and
Environmental Justice

cc: Alan R. Anderson, Manager, Mandan Refinery
Scott Whitmore, U.S. EPA, Region 8
David Rochlin, U.S. EPA, Region 8
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